

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Paula L. Brown  
**Title:** Vice President – Regulatory

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-1 Please state whether any local or state governmental agencies, such as the Commonwealth of Massachusetts, are considered residential customers or business customers for the purposes of inclusion in the Company's proposed alternative regulation plan.

**REPLY:** Local and state governmental agencies obtain business services from Verizon MA and will be treated as other business customers under the Company's proposed plan.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA  
**Respondent:** William Taylor  
**Title:** Senior Vice President, NERA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-2 Please refer to Verizon MA's response to AG-VZ-1-8.

- a. Are you contending that RCN is an effective competitor to Verizon for every RCN product offering throughout every exchange in Massachusetts, or just where RCN has actually rolled out its service?
- b. What standard do you use to determine whether competition is "effective?"
- c. Please give at least five more examples of RCN's comparable product lines that you contend demonstrate "effective competition." As part of your comparison, please contrast the RCN product offering with Verizon's product offering.
- d. Please produce a chart that lists the number and type of wholesale services that RCN purchases from Verizon MA, grouped by exchange code (not area code).
- e. Please produce a copy of the CLEC 2001 Study, published by New Paradigm Resources Group, Inc., and give the page or paragraph references for each RCN reference described in Verizon MA's response to AG-VZ-1-8(a).

**REPLY:**

- a. RCN is an effective competitor to Verizon MA throughout MA. Effective competition is present when barriers to entry are absent, and there are no barriers to prevent RCN (a company that already provides both cable and telephone service) from offering service throughout every exchange in Massachusetts. Under the Merger

**REPLY: AG-VZ 2-2**  
(cont'd)

Guidelines of the U.S. Department of Justice, a potential entrant represents an example of effective competition if it is likely that it can supply output in response to a price increase within a one year period. Absence of entry barriers means that RCN can be a market participant for telecommunications services in every exchange in Massachusetts.

- b. The term “effective competition” generally means sufficient competition that no firm can profitably hold the market price above the competitive level. Competition is effective when there are no barriers to entry.
- c. Please see the response to a and b. Dr. Taylor’s testimony does not contend that effective competition is demonstrated by the existence of a comparable product line from any one competitor. Rather, as described in Dr. Taylor’s testimony, “there is an abundance of evidence regarding actual competitive entry in Massachusetts and that evidence demonstrates the variety and diversity of entry options that competitors have exercised. In addition, the potential for further entry is evidenced by both widespread collocation and the volume of number assignments made in Massachusetts. Finally, the emergence of robust individual competitors to Verizon, especially the competitive alternatives to Verizon’s local voice services posed by the emergence of cable telephony, demonstrates the vibrancy of actual competition.”
- d. The requested data are the confidential and proprietary information of RCN that may not be disclosed by Verizon MA without RCN’s authorization. The information is, accordingly, being provided only to the Department and to those parties to whom RCN authorizes disclosure. The attached chart provides a breakdown of the proprietary data provided in AG-VZ 1-8 which is Verizon MA’s estimate of lines served by RCN.
- e. The information requested is voluminous, and is protected by copyright laws. It cannot be duplicated but will be made available for inspection at Verizon MA's offices at a mutually convenient time.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-3 Please produce a map of Massachusetts which clearly delineates Verizon's exchange code boundaries. This map should be large enough to be easily read and must include a key that lists the actual exchange codes assigned to each exchange, as well as the associated residential communities. Please make the map electronically reproducible and reflect the area codes in which the exchange codes have been assigned.

**REPLY:** Verizon MA's response to DTE-VZ 1-1 contains a map of Massachusetts demonstrating the wire center boundaries for Verizon MA. An electronic version of the map will be provided.

A list of NXX codes assigned to each exchange is attached.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Paula L. Brown  
**Title:** Vice President – Regulatory

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-4 Please refer to Verizon MA's response to AG-VZ-1-16 regarding the Vermont Public Service Board's March 24, 2000 order, pages 7-8, 134-140.

- a. Please describe the Education Plan / Distance Learning Plan that Verizon implemented pursuant to the Vermont commission's order without charge to Vermont ratepayers that "provides high-speed connections for high schools within its service territory, allowing rapid internet access and distance learning opportunities" from January 2000 to May 31, 2005 for the 59 high schools in Verizon Vermont's service territory.
- b. Please provide copies of the documentation required by Vermont high schools to complete to qualify for Verizon's high-speed service under the Education Plan / Distance Learning Plan.
- c. Please provide an estimate of Verizon's Vermont cost of designing, constructing, and operating the Education Plan / Distance Learning Plan from its implementation date to its expected termination, May 31, 2005.
- d. Please provide a copy of the transcript dated June 10, 1999, referenced on page 136 of the Vermont order.
- e. Please provide a copy of the Vermont Department of Education plan referenced on page 138 of the Vermont order.

**REPLY:**

- a. Verizon MA objects to the request on the grounds that it is not relevant to the Department's investigation in this Phase of the

**REPLY:** AG-VZ 2-4  
(cont'd)

proceeding, nor is it reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of its objection, Verizon MA states as follows: The Vermont Distance Learning Network, when completed, will connect 57 high schools in Verizon VT's service area, the Vermont Institute for Science, Math and Technology (VISMT) and the Department of Education (DOE), using an Asynchronous Transfer Mode (ATM) video network infrastructure. A video bridge was required at the DOE location to support multi-site videoconferencing, which allowed for "any location to any location" connectivity using fiber based Optical Carrier Level 3 ATM.

In addition, Verizon VT agreed to fund the following components of the Distance Learning Network:

1. Build a T1 to each identified site within its service area for the period specified above.
  2. Build four (4) T3s to the central location where the ATM Video Bridge is located.
  3. Build additional capacity as required in the central office ATM switch to support the Distance Learning Network.
  4. Provide technical support for testing the T1s and T3s for ATM access at each site.
  5. Verizon will provide ongoing maintenance of the T1s, T3s and the ATM ports in the Verizon VT central office.
  6. Verizon VT will fund three full time support personnel for the Distance Learning Network.
- b. Verizon MA objects to the request on the grounds that it is not relevant to the Department's investigation in this Phase of the proceeding, nor is it reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of its objection, Verizon MA states as follows: Verizon VT was not involved in the school selection process.
- c. Verizon MA objects to the request on the grounds that it is not relevant to the Department's investigation in this Phase of the

**REPLY:** AG-VZ 2-4  
(cont'd)

proceeding, nor is it reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of its objection, Verizon MA states as follows: Verizon VT's estimated the funding commitment as follows:

- 1) The projected capital costs associated with the design and construction of the Distance Learning Network is \$1,104,300.00.
- 2) The expense associated with the three full time support positions will not exceed \$600,000.00 over the life of the project.
- 3) There are likely to be additional expenses associated with construction activity and ongoing maintenance of the Distance Learning Network. It is not possible to predict those expenses with certainty.
- 4) The projected foregone revenue associated with the Distance Learning Network over the term of the commitment is \$3,078,000.00.

- d. Verizon MA objects to the request on the grounds that it is not relevant to the Department's investigation in this Phase of the proceeding, nor is it reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of its objection, Verizon MA states as follows: Refer to Attachment A.
- e. Verizon MA objects to the request on the grounds that it is not relevant to the Department's investigation in this Phase of the proceeding, nor is it reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of its objection, Verizon MA states as follows: Refer to Attachment B.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-6 Please refer to Verizon MA's response to AG-VZ-1-10. Indicate what circumstances might provide Verizon with a "reason to initiate a request for interconnection with a CLEC."

**REPLY:** As noted in the response to AG-VZ 1-10, Verizon MA has had no reason to initiate a request for interconnection with a CLEC. This is because CLECs seeking to establish operations in Massachusetts initiate requests for interconnection with Verizon MA so that they can commence their operations. Verizon MA might have a reason to initiate a request if a CLEC has not requested interconnection prior to commencing its operations. This situation has, however, not occurred in Massachusetts.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Kevin O'Quinn

**Title:** Director

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-7 Please refer to Verizon MA's response to AG-VZ-1-13(e):

- a. Provide the Verizon MA (then NYNEX-Mass.) "return on investment" and "return on equity" as reported to the DPU for each of the five (5) years immediately preceding the adoption of price cap regulation pursuant to DPU 94-50.
- b. Are the "return on investment" amounts that are provided in the referenced response calculated in the same manner that was used in making the calculations requested in (a)?
- c. If the answer to (b) is other than an unqualified "yes," provide a detailed explanation of any and all differences between the manner in which the "return on investment" figures as provided in response to (a) and those provided in response to AG-VZ-1-13(e) were calculated.
- d. If the answer to (b) is other than an unqualified "no," provide "return on investment" figures corresponding to those provided in response to AG-VZ-1-13(e) calculated on the same basis as those provided in response to (a).

**REPLY:** Verizon MA objects to the request on the grounds that it is not relevant to the Department's investigation in this Phase of the proceeding, nor is it reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of its objection, see below:

- a. For "return on investment" please see attached.  
Verizon MA has not in the ordinary course of business calculated a

**REPLY:** AG-VZ 2-7  
(cont'd)

return on equity for the requested periods, and a special study would be required.

- b. Yes.
- c. See Part b above.
- d. See Parts a and b above.

VZ # 58

**Verizon New England Inc.  
D/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Kevin O'Quinn  
**Title:** Director

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-8 Please refer to Verizon MA's response to AG-VZ-1-13:

If revenues and associated expenses for directory advertising have been excluded from any of the revenue and earnings figures contained in this response, provide a restatement of this data in a similar format that includes directory revenues and expenses.

**REPLY:** Verizon MA objects to the request on the grounds that it is not relevant to the Department's investigation in this Phase of the proceeding, nor is it reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of its objection, see below.

As explained in response to AG-VZ 1-14, Verizon-MA did not receive revenues from Yellow pages directory advertising. Prior to 1999, Verizon MA did receive a license fee payment that was terminated effective January 1999. The data necessary to restate AG-VZ 1-13 as a result of the termination of the agreement does not exist.

**Verizon New England Inc.  
D/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Kevin O'Quinn  
**Title:** Director

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-9 Please refer to Verizon MA's response to AG-VZ-1-14:

Please define "NA" as this notation is used in this response.

If "NA" means "Not Available," provide an explanation as to why the requested data is not available, and indicate when and how it will be made available.

If "NA" means "Not Applicable" or anything else, please provide the requested data.

**REPLY:**

- a. "NA" used in response AG-VZ 1-14 refers to "Not Available"
- b. Please see response to AG-VZ 2-8.
- c. Please see Part a.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-10 Please refer to Verizon MA's response to DTE 2-9:

- a. Please provide corresponding data in a similar format for resold residential lines.
- b. Please provide corresponding data in a similar format for UNE-P lines.
- c. Please provide corresponding data in a similar format for UNE loops.

**REPLY:** Verizon considers certain data responsive to this request proprietary and competitively sensitive. That data will be made available to the extent provided for in a mutually agreeable Protective Agreement.

Please see the attached spreadsheet.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** William Taylor  
**Title:** Senior Vice President, NERA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-11 Please refer to Verizon MA's response to AG-VZ-1-2(b)(1):

Provide the "market power analysis" performed by the witness pursuant to the Department of Justice *Merger Guidelines* upon which he relies in support of his assertion that "entry into Massachusetts' retail telecommunications market is comparatively easy." If no such "market power analysis" was performed by the witness, so state.

**REPLY:** The question mischaracterizes the witness's response to AG-VZ 1-2(b)(1). The witness did not claim to have performed a market power analysis, and a market power analysis has no bearing on the comparative ease of entry in Massachusetts retail telecommunications markets. Appropriate evidence of comparatively easy entry abounds. See for instance, the Department's 2000 Annual Report which shows:

- ?? 29 CLECs registered with the Department during calendar year 2000 (at 15);
- ?? in 2000, there were 161 CLECs authorized to provide local telecommunications services in Massachusetts—up from 132 in 1999 and from 88 in 1998 (at 25); and,
- ?? that there were 158 approved interconnection and resale agreements between incumbent providers and CLECs in 2000 (at 29).

In addition, it is noteworthy that on October 16, 2000, the Department submitted its comprehensive evaluation of Verizon's performance and CLECs ability to compete in Massachusetts and based on that "extensive record" the Department determined "that the telecommunications market in Massachusetts is irreversibly open to competition."

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** William Taylor  
**Title:** Senior Vice President, NERA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-12 Please refer to Verizon MA's response to AG-VZ-1-3(b):

- a. Is it the witness' contention that "the operating margins available to competing retail providers that ... resell Verizon's retail telecommunications services" are defined solely by "the wholesale discount set by the Department"? If the witness believes that factors other than "the wholesale discount set by the Department" affect such "operating margins," please identify all such factors and provide any and all studies or data performed, caused to be performed, or reviewed by the witness that specifically address and quantify the magnitude of such factors' influence.
- b. Will the witness agree that, all else being equal, a decrease in "the wholesale discount set by the Department" will work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas?"
- c. If the response to (b) is other than an unqualified "yes," provide a detailed explanation as to why a decrease in "the wholesale discount set by the Department" will *not* work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas."
- c. If the response to (b) is an unqualified "yes," provide any and all studies performed, caused to be performed, or reviewed by the witness that quantify the impact upon the "competitive pressure" on Verizon retail prices that would result from a decrease in the "wholesale discount set by the Department."

**REPLY:** AG-VZ 2-12  
(cont'd)

- a. No, the wholesale margin depends on the wholesale discount determined by the Department and the CLEC's incremental cost of supplying the retailing functions necessary to transform the wholesale resold service into the retail product. The witness has not performed an analysis of reseller operating margins. The wholesale discount set by the Department defines the production cost of selected inputs used by resellers and thus it constitutes one factor that defines the operating margin of resellers.
- b. No.
- c. First, the size of the retail discount (in dollars per unit) should measure the ILEC's avoided cost from providing resold rather than retail services. If the Department finds that avoided cost to be small, setting resale rates based on that small discount would produce the efficient level of resale—i.e., any CLEC as efficient as the ILEC in supplying the retail function would apply competitive pressure to the ILEC. Similarly, if the avoided cost is large—and the Department's discount is correspondingly large—resale competition will produce the efficient level of competitive pressure on the ILEC's retail rates.

Second, resale activity is not the only factor that puts competitive pressure on retail prices. Both facilities-based competition and competition through the use of ILEC UNEs also place constraints on the ILEC's retail prices. Resale does enable a facilities based provider to more easily offer a full range of services throughout the state and thus contributes to an increased threat of entry to effectively discipline prices.

- d. See b.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** William Taylor  
**Title:** Senior Vice President, NERA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-13 Please refer to Verizon MA's response to AG-VZ-1-3(c):

- a. Is it the witness' contention that with respect to partially facilities-based competitors, "the operating margins available to competing retail providers that ... lease Verizon's UNEs" are defined solely by "the prices of those elements which [sic] are set by the Department"? If the witness believes that factors other than "the prices of those elements" affect such "operating margins," please identify all such factors and provide any and all studies or data performed, caused to be performed, or reviewed by the witness that specifically address and quantify the magnitude of such factors' influence.
- b. Will the witness agree that, all else being equal, an increase in "the prices of [UNE] elements which are set by the Department" will work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas"?
- c. If the response to (b) is other than an unqualified "yes," provide a detailed explanation as to why an increase in "the prices of [UNEs]" will *not* work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas."
- d. If the response to (b) is an unqualified "yes," provide any and all studies performed, caused to be performed, or reviewed by the witness that quantify the impact upon the "competitive pressure" on Verizon retail prices that would result from an increase in the "prices of [UNEs]" as set by the Department.

**REPLY: AG VZ 2-13**

(cont'd)

- a. No. The operating margin for CLECs using ILEC UNEs depends on the prices of UNEs and the CLEC's incremental cost of supplying the retail function necessary to transform unbundled elements into a retail service. The witness has not performed an analysis of CLEC operating margins in Massachusetts. The prices of UNEs set by the Department define the production cost of selected inputs used by CLECs and thus they constitute a factor that defines the operating margin of CLECs.
- b. No.
- c. Competitive pressure occurs when efficient firms compete to supply services at efficient market prices. As long as the Department sets the UNE price at the appropriate incremental cost of supplying the facility, the ensuing competitive pressure on retail rates will be efficient.
- d. See b.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** William Taylor  
**Title:** Senior Vice President, NERA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-14 Please refer to Verizon MA's response to AG-VZ-1-1(c):

Identify specifically which of the cited studies contain the specific "quantitative comparisons" referred to in the original request, and provide copies of those portions of the cited studies containing such quantitative comparisons.

**REPLY:** Each study listed in the response addresses the issues of entry barriers and the extent of competition in local exchange markets throughout. See the particular paragraph citations shown in bold.

Note that the September 19, 2000 declaration *In the Matter of Application by Verizon New England Inc., et. al. for Authorization to Provide In-Region, InterLATA Services in Massachusetts*, was inadvertently not included in the original response. It is attached here.

?? Federal Communications Commission, *In the Matter of Application by Verizon New England Inc., et. al. for Authorization to Provide In-Region, InterLATA Services in Massachusetts*, on behalf of Verizon New England, Appendix A, declaration regarding competition in Massachusetts and the public interest benefits of interLATA entry, September 19, 2000 [see especially ¶¶ 4-5 and 8-23], Reply Declaration filed November 3, 2000 [see especially ¶¶ 3-15, 16-18 and 19-26]. Supplemental Reply Declaration filed February 28, 2001 [see especially ¶¶ 5-16, 17-19 and 20-24].

?? Federal Communications Commission *In the Matter of Application by Verizon New England Inc., et. al. for Authorization to Provide In-Region, InterLATA Services in Connecticut*, on behalf of

- REPLY:** AG-VZ 2-14 (cont'd) Verizon New England, Appendix A, declaration regarding competition in Connecticut and the public interest benefits of interLATA entry, May 24, 2001 [**see especially ¶¶18-28, 34-36, 37-43 and 44-52**].
- ?? Pennsylvania Public Utility Commission (Docket No. M-00001435) on behalf of Verizon-Pennsylvania, Inc.: affidavit regarding the public interest benefits of Verizon entry into interLATA services. Filed January 8, 2001 [**see especially ¶¶9-23, 28-31 and 34-38**].
- ?? New York Public Service Commission (Case 00-C-1945) on behalf of Verizon-New York, Panel Testimony on the New York competitive marketplace, filed May 15, 2001 [**see especially Section II**].
- ?? New Jersey Board of Public Utilities (Docket No. TO 99120934) on behalf of Bell Atlantic-New Jersey, direct testimony regarding reclassification of services as competitive. Filed May 18, 2000 [**see especially Section II**].

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Paula L. Brown  
**Title:** Vice President – Regulatory

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-15 Please refer to Verizon MA's response to DTE 1-7:

- a. Specify precisely what factors or criteria Verizon MA will apply in determining, for individual services with rate caps, which rates in which specific geographic areas will be selectively reduced without increasing them in other areas.
- b. Provide all existing documentation pertaining to Verizon MA's plans with respect to making such "selective" rate reductions for individual services with rate caps. Such documents should provide the specific exchanges and services for which such "selective" reductions are currently being planned, considered or otherwise evaluated.
- c. Specify precisely what factors or criteria Verizon MA will apply in determining, for services with an aggregate rate cap, which rates in which specific geographic areas will be selectively increased or reduced so as to maintain revenue neutrality with respect to such services.
- d. Provide all existing documentation pertaining to Verizon MA's plans with respect to making such "selective" rate increases and decreases for services with an aggregate rate cap. Such documents should provide the specific exchanges and services for which such "selective" increases and decreases are currently being planned, considered or otherwise evaluated.

**ITEM:** AG-VZ 2-15  
(cont'd)

- e. Specify precisely what factors or criteria Verizon MA will apply in determining, for services subject to market-based pricing, which rates in which specific geographic areas will be selectively increased or reduced.
- f. Provide all existing documentation pertaining to Verizon MA's plans with respect to making such "selective" rate increases and decreases for services subject to market-based pricing. Such documents should provide the specific exchanges and services for which such "selective" increases and decreases are currently being planned, considered or otherwise evaluated.

**REPLY:**

- a. Verizon MA has no plans to make selective price reductions or increases within any specific geographical area in Massachusetts on services with rate caps, aggregate rate caps, or market-based pricing. Verizon MA would consider all relevant factors in making pricing decisions including, but not limited to, the following: technology deployment, systems support, facility availability, costs, market size, market potential, competitive offerings, alternatives and substitutes, volumes, margins, etc.
- b. See a. above.
- c. See a. above.
- d. See a. above.
- e. See a. above.
- f. See a. above.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Paula L. Brown

**Title:** Vice President – Regulatory

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-16 Please refer to Verizon MA's response to DTE 3-1:

- a. Where Verizon MA creates a "new" service by "bundl[ing] a new set of existing services, not currently offered in combination," would it be required to offer the "new service" so defined in all geographic areas, or could the availability be limited to geographic areas specifically selected by the Company?
- b. If the response to (a) is that the offering could be limited to selected geographic areas, specify precisely what factors or criteria Verizon MA will apply in determining, for such "new services," which specific geographic areas will be selected.
- c. Provide all existing documentation pertaining to Verizon MA's plans with respect to the geographically selective introduction of "bundle[s] [consisting of] a new set of existing services, not currently offered in combination." Such documents should provide the specific exchanges and services for which such "selective" availability is currently being planned, considered or otherwise evaluated.

- REPLY:**
- a. Under the proposed Alternative Regulation Plan, Verizon MA may offer its new services in specific geographic areas.
  - b. Verizon MA would consider all relevant factors in determining where to offer its new services including, but not limited to, the following: technology deployment, systems support, facility availability, costs, market size, market potential, competitive offerings, alternatives and substitutes, volumes, margins, etc.

**REPLY:** AG-VZ 2-16 c. Verizon MA has no plans to selectively introduce new services within any specific geographical area in Massachusetts .  
(cont'd)

VZ # 67

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Paula L. Brown  
**Title:** Vice President - Regulatory

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-17 Please refer to Verizon MA's response to DTE 3-1:

- a. Where Verizon MA creates a "new" service introducing a feature, function or other attribute not currently available, would it be required to offer the "new service" so defined in all geographic areas, or could the availability be limited to geographic areas specifically selected by the Company?
- b. If the response to (a) is that the offering could be limited to selected geographic areas, specify precisely what factors or criteria Verizon MA will apply in determining, for such "new services," which specific geographic areas will be selected.
- c. Provide all existing documentation pertaining to Verizon MA's plans with respect to the geographically selective introduction of "new services" consisting of new features, functions or other attributes. Such documents should provide the specific exchanges and services for which such "selective" availability is currently being planned, considered or otherwise evaluated.

**REPLY:** Please see the responses to AG-VZ 2-16.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-18 Please refer to Verizon MA's response to DTE 2-11:

- a. Provide a breakdown of the "32,000" resold residential lines as of 1/1/2001 by class of residential service (*e.g.*, 1-party measured, 1-party flat, suburban, metropolitan, extended metropolitan, circle calling, Bay State-East, Eastern Mass. Unlimited, 413 Unlimited, etc.)
- b. Provide a breakdown of residential resale revenue as among the following rate elements: Basic Monthly Charge, Touch-Tone, Custom Calling (all types), local message charges, intraLATA toll charges, switched access, directory assistance, National 411, and Other.

- REPLY:**
- a. Verizon considers certain data responsive to this request proprietary and competitively sensitive. The data will be made available to the extent provided for in a mutually agreeable Protective Agreement. Please see the attached spreadsheet.
  - b. Data is not available to provide the requested breakdown.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA  
**Respondent:** William Taylor  
**Title:** Senior Vice President, NERA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-19 Please list by exchange the names of the competitors Verizon contends are providing “effective competition” to Verizon’s business products and services. In this response, please identify the business products and services for which the competitor provides “effective competition.” Please produce a one version of the list with competitors designated by number (*e.g.*, “CLEC 1”), and a second version of the list with competitors designated by name

**REPLY:** As stated in Dr. Taylor’s response to AG-VZ 2-11, , the Department’s 2000 Annual Report identifies 161 CLECs authorized to provide local service in Massachusetts, as well as 158 approved interconnection and resale agreements. The CLECs and the parties to the agreements are identified on the Department’s web site. The web sites addresses are [www.state.ma.us/dpu/telecom/company.htm](http://www.state.ma.us/dpu/telecom/company.htm) and [www.state.ma.us/dpu/telecom/intercon.htm](http://www.state.ma.us/dpu/telecom/intercon.htm).

Verizon MA does not have information readily available on every authorized CLEC in Massachusetts. Attached is a partial list of competitors who offer services in Massachusetts. Also attached are portions of those competitors’ tariffs that provide information related to the services that they offer and the geographic areas that they serve.

Due to the voluminous nature of the document, the Company has only provided a copy to the Department and Attorney General. A copy will be made available for inspection by other parties at the Company’s offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-20 Please refer to Mr. Mudge's testimony of April 12, 2001, page 9, line 12. What are the current resale discounts offered by Verizon in Massachusetts?

**REPLY:** Please see tariff D.T.E. MA No. 14, Section 10.5.1. The current resale discount is 24.99% for Resellers who choose to have Verizon MA provide Operator Services and 29.47% for Resellers who choose to provide their own Operator Services.

VZ # 71

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-21 Please refer to Mr. Mudge's testimony of April 12, 2001, page 14, lines 8-18. Please list the exchanges in which Teligent, Winstar, CTC, MFN, Level 3, ARC, Cypress, and Intellispac are offering the competitive services described in the above testimony. Please include the types of products and services offered by those carriers.

**REPLY:** Please see the attached tariffs for Teligent, Winstar, CTC, MFN, Level 3, and ARC. Neither Cypress nor Intellispac have a tariff on file with the Department and Verizon MA does not track their operations within the state. Intellispac is a provider of high speed internet and other broadband services to office buildings. Intellispac's website ([www.intellispac.net](http://www.intellispac.net)) indicates that it offers these services in Beverly, Boston, Burlington, Medford, Stoneham, Sudbury, Somerville, Wakefield, Wilmington and Woburn. Cypress Communications is a provider of broadband services to office buildings. Its website ([www.cypresscomm.com](http://www.cypresscomm.com)) indicates that it offers service in the metropolitan Boston area.

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-22 Please produce the press release referenced in Mr. Mudge's testimony of April 12, 2001, page 15, lines 9-10.

**REPLY:** Please see the attached press release.

VZ # 73

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-23 Please refer to Mr. Mudge's testimony of April 12, 2001, page 16, lines 1-10. Please list the exchanges in which AT&T is offering:

- a. Residential local exchange service.
- b. Business local exchange service.
- c. The one-line package for \$26.95 per month
- d. The two-line combination package for \$40.95 per month.
- e. Voice mail.
- f. Wide area calling plans.

**REPLY:** Due to the voluminous nature of the document, the Company has only provided a copy to the Department and Attorney General. A copy will be made available for inspection by other parties at the Company's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

Attached are portions of AT&T's tariffs that provide information related to the services that they offer and the geographic areas that they serve.

- a. Please see the attached tariffs for AT&T Broadband and AT&T Communications of New England.
- b. Please see the attached tariffs for AT&T Broadband, ACC National Telecom, TCG and AT&T Communications of New England.
- c. Please see the attached tariff for AT&T Broadband.
- d. Please see the attached tariff for AT&T Broadband.
- e. Please see AT&T Broadband's tariff (MA Tariff No.1, section 3.4.2) that states, "Voice Mail is an enhanced service and is considered by the M.D.T.E. to be a non-tariffed and non-regulated service in Massachusetts."
- f. Please see the attached tariffs for AT&T Broadband and AT&T Communications of New England.

Verizon New England Inc.  
d/b/a Verizon Massachusetts

Commonwealth of Massachusetts

D.T.E. 01-31

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-24 Please refer to Mr. Mudge's testimony of April 12, 2001, page 16, lines 12-17. Please explain whether the 36 percent of customers figure is a statewide average of business or residential customers. Please also give the range of percentages calculated at the exchange level for residential customers, and a separate calculation at the exchange level for business customers.

**REPLY:** Please see the Company's response to DTE-VZ 1-4 (1) where it was noted that the correct number on line 15 of the testimony should be 29%. See also the Company's reply to DTE-VZ 2-10. The requested data is not available on an exchange basis.

VZ # 75

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31**

**Respondent:** Robert Mudge  
**Title:** President Verizon MA

**REQUEST:** Attorney General, Set #2

**DATED:** July 27, 2001

**ITEM:** AG-VZ 2-25 Please refer to Mr. Mudge's testimony of April 12, 2001, page 17, lines 16-18. Please identify the name of the fiber cable firm referenced and explain how the existence of that contract provides competition for Verizon's business products and services.

**REPLY:** Williams Communications and Level 3 Communications have agreements with the Massachusetts Turnpike Authority to place fiber cable along the length of the Massachusetts Turnpike. These cables allow each company quick and efficient access from one end of the state to the other and allow them to offer network backbone services to other providers, access services to interexchange carriers, and voice and data services to business customers. An April 1999 press release on the Williams agreement stated that the fiber optic cables "provide the electronic infrastructure for internet-based business activity and voice, data, and video transmissions." See attached.